

Appendix 4 Cost Sharing

Introduction

The cost sharing program allows the SAB to share in the costs of certain projects constructed pursuant to the Mello-Roos Community Facilities Act of 1982. Application to the cost sharing program is made after the construction of a project is completed.

The cost to be shared by the SAB is equal to the costs which would have been allowed if the project was approved prior to construction. The shared cost is reduced for depreciation and further limited to a maximum of 75 percent of all eligible project costs, or the principal amount of any outstanding callable bonds and other debts incurred to finance the project.

Establishing Cost Sharing Eligibility

In order to file a cost sharing application, a project must meet all of the following criteria:

constructed pursuant to the Mello-Roos Community Facilities Act of 1982; and

the Notice of Completion for the project was filed after February 10, 1986; and

meets all State School Building Lease-Purchase Program area entitlements and cost standards; and

constructed pursuant to a low bid in a bidding process acceptable to the SAB; and

met all OSA structural, handicap compliance, health and State Fire Marshal requirements in effect at the time of construction; and

approved by the California Department of Education, School Facilities Planning Division including the Office of Special Education, if applicable; and

the Mello-Roos funding source must be callable within six months of issuance.

Note: Project eligibility is determined on the *Form SAB 500, Lease-Purchase Justification Document*. The standard three and four year enrollment projection is utilized in calculating the justification document.

Continued on the next page

Eligible Costs

For purposes of establishing cost sharing project eligibility, the area of the proposed project will be identified on the *Form SAB 500, Lease-Purchase Justification Document* as “proposed area”. Once the project has received SAB approval, the total project area will be identified as “existing adequate area”. The following project costs are eligible expenditures:

EXPENDITURE	DEFINITION/REFERENCE
Site Acquisition	The lesser of the actual purchase price or the appraised value of subject real property at the time of purchase. All related eligible site acquisition expenditures as outlined in <i>Site Acquisition</i> (see A. Site, page 3-B-37).
Planning	See <i>B. Plans</i> , page 3-B-38.
Construction	See <i>C. Construction</i> , page 3-B-39.
Tests	See <i>D. Tests</i> , page 3-B-71.
Inspection	See <i>E. Inspection</i> , page 3-B-72.
Furniture and Equipment	Actual cost of furniture and equipment items or the SAB furniture and equipment allowance determined at the time of the bid, whichever is less (see <i>F. Furniture and Equipment</i> , page 3-B-73).

Continued on the next page

Cost Sharing Limitations

The maximum amount of the State's contribution is limited to the following, whichever is less:

- 75 percent of the eligible project costs; or
- the principal amount of any outstanding callable bonds and other debts incurred to finance the project under the Mello-Roos Community Facilities Act of 1982, as of the date the SAB approves the project. Any claim for "other debts" must be specifically approved by the SAB; or
- the eligible project costs as determined by the SAB, less five percent depreciation each year (excluding all site acquisition costs). The depreciation period begins on the date the "notice of completion" is filed and ends on the date the application is approved by the SAB. The five percent depreciation rate is calculated on a daily basis; or
- the amount realized by the district in exercising at least one of the actions as outlined in the "Financial Plan".

Financial Plan

As a condition of a cost sharing project approval, the district must submit a financial plan. The plan addresses the cost sharing by the State in one or more of the following actions:

- a reduction in the amount of bonds authorized by the Mello-Roos Community Facilities District;
- a reduction in the amount of any special tax which is levied within the Mello-Roos Community Facilities District;
- a reduction in the amount of outstanding bonds or provision for the retirement of outstanding bonds;
- a reduction in the period of time during which a special tax is levied within the Mello-Roos Community Facilities District.

Matching Share Requirement

The cost sharing projects have no matching share requirement per Education Code Section 17705.5.

Restricted Maintenance Fund

The project is exempt from a restricted maintenance fund requirements.

Continued on the next page

Priority Points

The project must have the minimum number of new construction priority points in effect at the time of the project's approval. Additional priority points are allowed for these projects (see *Appendix 6, Priority Points*).

Lease-Purchase Agreement

Upon SAB approval of a cost sharing project, the district must enter into an lease-purchase agreement (see *Form SAB 518, Agreement to Lease, page 3-A-57*) which transfers legal title from the district to the State of California. ☺
